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It's the economy stupid!

*An analysis of the similarities and
disparities in regeneration policy
between England and Scotland*

Dave McGuinness, Paul Greenhalgh and
Lee Pugalis

**Northumbria University –
URBaNE Research Group**

*Housing Studies Annual Conference,
University of York, April 2013*

What the presentation will cover:

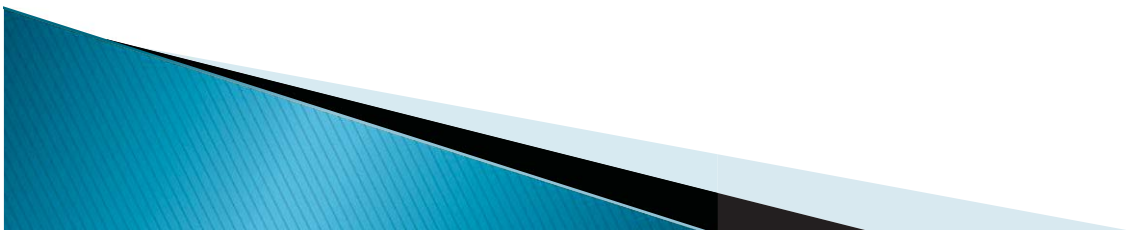
- ▶ Outline drivers for research
- ▶ Methodology
- ▶ Policy Literature – regeneration strategies both sides of the border, CLG Select Committee report
- ▶ Academic literature – Danson, McCarthy, Turok, Keating, etc
- ▶ Primary data – interviews with regeneration practitioners (England & Scotland)
- ▶ Interim conclusion – complex picture ‘envious glances’ both ways, primacy of economic over ideological/political



Drivers for research



- ▶ Major change – Localism agenda in England – demolition of all things **regional (spatial)** in England
- ▶ Scotland – Devolution/'Devo-max'/ Independence?
- ▶ Informal discussion with practitioners in North of England – raw deal, grumblings, rising tensions?
- ▶ Literature review of regeneration strategies on both sides of the border (clear disparities)
- ▶ Sense peripheral regions like NE may lose out to emboldened/independent Scotland – greater financial incentives available in Scotland?



Methodology

- ▶ Desk based literature review – academic literature/policy literature
- ▶ Series of semi-structured interviews – with regeneration practitioner - both sides of border
- ▶ Completed 8 interviews so far 4 more scheduled aim 15
- ▶ Very much research in progress, began last summer
- ▶ Future – complete interviews, academic paper



Academic context



- ▶ Keating (2005) Devolution can provide ‘laboratories for innovation’. Scotland response to Thatcherism, shared responsibility and social solidarity
- ▶ Goodwin et al (2005) *Asymmetrical devolution* – economic tensions, Barnett Formula
- ▶ Bradbury (2008) During C21st Scottish and Welsh increasingly distinguished themselves by support for social collectivism – opposed to more individualistic approach in England.
- ▶ McCarthy (2010) suggests the creation of the Scottish Parliament, prompted a divergence in broad policy approach toward social justice – shifted the emphasis in urban regeneration to ‘people rather than place’
- ▶ Danson (2012) English RDAs was an attempt to emulate Scottish Enterprise – but SE set up due to challenges of 70s



Definitions of regeneration (1)

- ▶ Theme running through research – how do we define regeneration? Are we talking about the same thing?
Fuzzy concept

Scottish Government (2011:2) regeneration strategy

‘Regeneration is the holistic process of reversing the economic, physical and social decline of places where market forces won’t suffice’

English Coalition strategy of Jan 2011 – offered no definition



Confusion over scope of regeneration



- ▶ Sub theme of interviews – where does regeneration stop and economic development begin?
- ▶ Attempt (especially by private sector) to badge everything as regeneration. When sometimes it is simply private sector development (Scottish Practitioner)
- ▶ Scottish Government (2011:4)

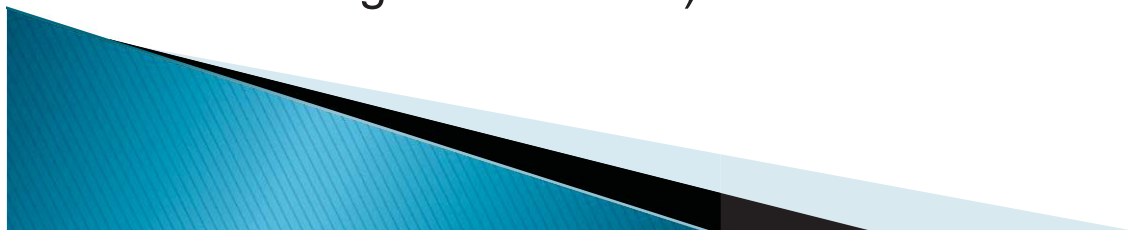
‘The relationship between economic development and regeneration is co-dependent – equitable economic growth cannot be delivered with improving our under-performing areas, and successful regeneration cannot be delivered without investing in development, growing local economies and delivering sustainable employment’



English Context



- Coalitions regeneration 'strategy' – (CLG, Jan 2011) ***Regeneration to enable growth: What government is doing in support of community-led regeneration (toolkit)***
- Oct 2011, CLG Select Committee reviewed Coalition governments regeneration strategy
- *Main findings: Select Committee strongly criticised the Government over the lack of a clear regeneration strategy, **demolition of regional tier of regeneration institutions**, focus almost solely on economic growth and withdrawal of significant funding streams (e.g. Housing Market Renewal Fund)*
- Jan 2012 - response Government flagged up – devolution of financial power to LA (Localism) and additional funding streams (e.g. RGF, Growing Places Fund)



Definitions of regeneration (2)

- ▶ English context, Governments' response to Select Committee, DCLG (2012)

'At its core, regeneration is about concerted action to address the challenges and problems faced by the community of a particular place. It's about widening opportunities, growing the local economy, and improving people's lives. But beyond that high level definition, it is not for Government to define what regeneration is, what should it look like or what measures should be used to drive it'



Scottish Context

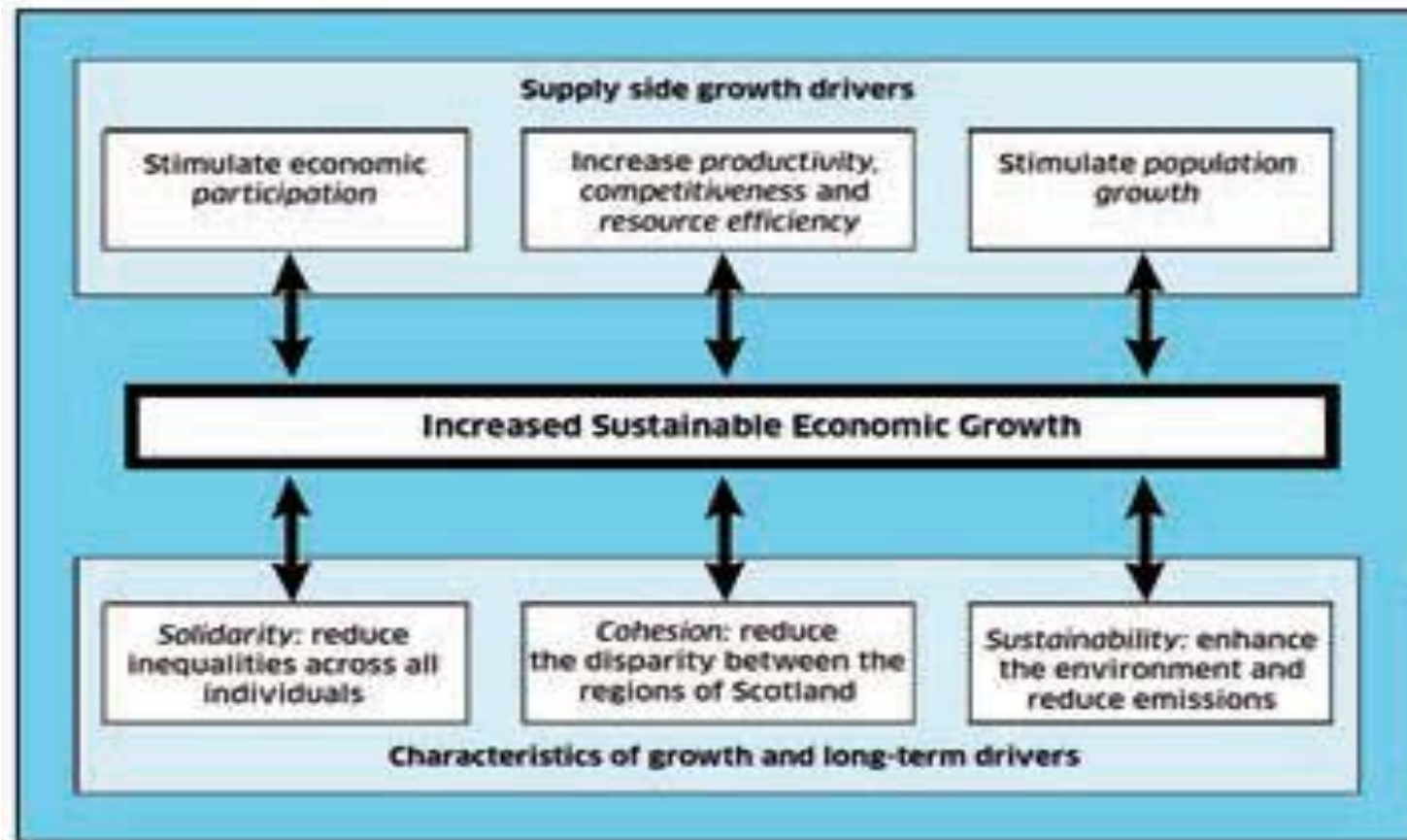


- ▶ Fairly consistent direction of travel/more of a localist flavour
– since SNP came to power in 2007
- ▶ More money under Lab era – still strong community focus
- ▶ Less brutal institutional change than England but significant casualties, (e.g. LECs –Local Enterprise Companies) – less visible role for Scottish Enterprise
- ▶ SNP (Nov 2011) *Achieving a Sustainable Future: Regeneration Strategy* – well received but how do you deliver?
- ▶ Summer 2012 –Consultation on Community Empowerment and Renewal Bill
- ▶ Less ‘top down’ control – more inclusive style of politics
- ▶ People and Communities Fund (PCF) £7.9 million per annum (2012–2015) to support community regeneration



Scottish Government (2011:3) – Achieving a Sustainable Future

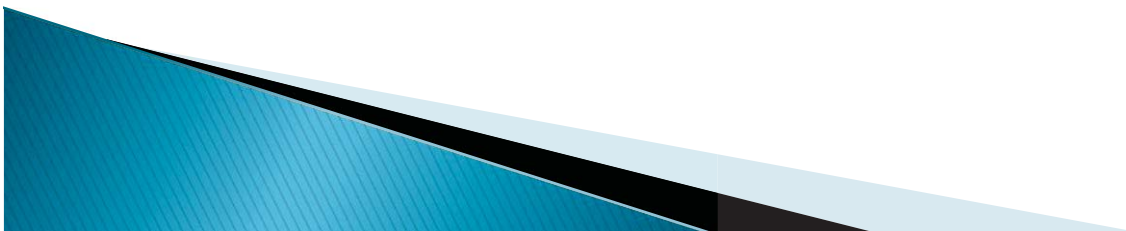
Figure A1: The Purpose Framework



Year zero approach in England

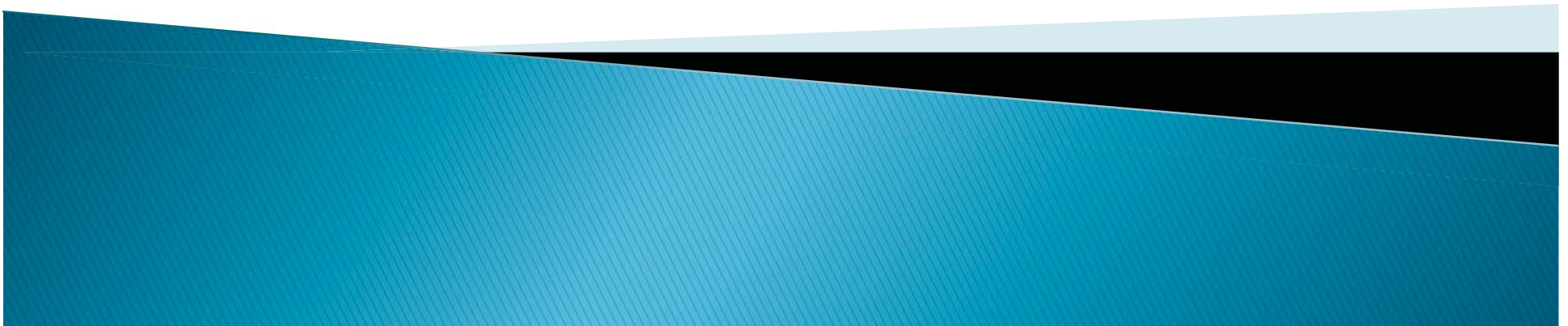


- ▶ English 'strategy' –dismiss regeneration evidence base (40+ years)
– **myopic focus**, create jobs at all costs
- ▶ Primacy economic, return to 80s? – trickle down? Where do communities fit in?
- ▶ *'...for the first time in over forty years there are no area based initiatives targeted at the most deprived parts of England'* (Work Foundation, 2012)
- ▶ RDAs didn't close gap in England (economic performance) – **'staunched the flow'** – sticking plaster
- ▶ Loss of expertise/skills in regions – who will be left when upturn comes? Localism didn't last long (Muscular Localism)
- ▶ In contrast at surface level – Scottish strategy seems 'more holistic'
– **community driven**



Key themes emerging from interviews

Envious glances?



Scottish view on developments in England –

Senior Scottish, regeneration practitioner (interview June 2012)

Saw the emerging model in England, from RDAs to LEPs as a **retrograde** step – ‘**lack of delivery mechanism**’

‘At the end of the day you only get regeneration outputs when money is spent, jobs are created or bricks are laid, for me it is about actual delivery and I can’t see where the delivery mechanism is going to be [in England]’



Lack of institutional capacity

...and lack of local input/knowledge fear for English practitioners,

‘The RGF nationalised decision making – decisions are being made without the benefits of local knowledge. The process is flawed compared to the previous approach ... [which] brought a lot of local strategic knowledge to the decision making process’.

(English regeneration practitioner)

- Scotland demise of LEC – greater politicisation of regeneration, squeezed out private sector



However – all, is not rosy in Scotland

‘I am not saying the policy is wrong up here but how the hell do you implement it? Maybe in England the policy is not as good but at least they are implementing it’

‘...greater pragmatism in England, a sense of can do because you have to, in Scotland a sense of too frightened to do’, risk averse, not just political but also officer level (middle management – the ‘permafrost’) avoid making a wrong decision’

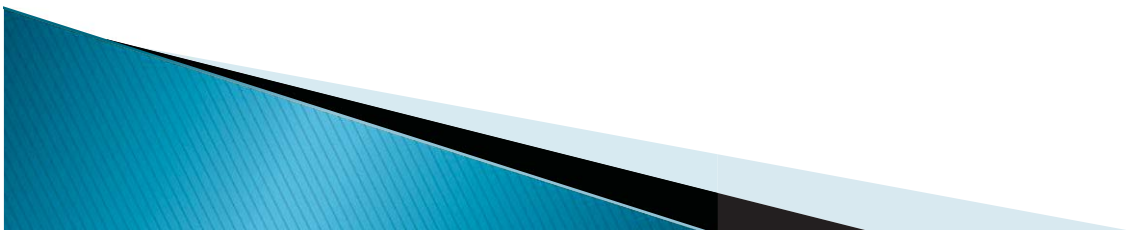
(Scottish regeneration professional, June 2012)



Scotland independence referendum 2014

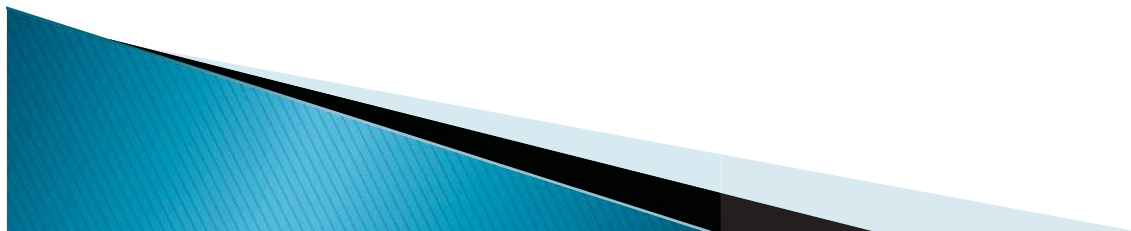


- ▶ Currently devolved nations have limited regulatory and tax raising powers
- ▶ But this hasn't stopped them being innovative in their thinking - Tuition fees, prescriptions, etc
- ▶ Question - '*Do you agree that Scotland should be an independent country?*'- referendum Autumn 2014
- ▶ However, threat of full independence – may help SNP squeeze more concessions – Devo Max, Devo More
- ▶ How good is Mr Salmond at playing poker?



IPPR report (2012) Borderlands

- ▶ May 2012 Scotland Act - new rate income tax (10p +/-) /borrowing powers worth £2.7 billion by 2015
- ▶ Potential for greater powers – giving Scotland competitive advantage over areas like North East
- ▶ Potential cut taxes to encourage investment and business to Scotland ([corporation tax](#) – SNP)
- ▶ Smaller tweaks – [devolve air passenger duty](#)
- ▶ Greater voice & looks more cohesive to inward investors
- ▶ NE needs a strong vocal figure like Alex Salmond to fight its corner -



Collaborate rather than compete



Alex Salmond in Newcastle,
Nov 2012

- ▶ *'Abolition of ONE act of economic vandalism'*
- ▶ ties between the NE and Scotland grow if Scotland becomes independent
- ▶ independent Scotland could provide innovative examples of policy-making
- ▶ North East will lose out if doesn't have a centre of economic power/influence.
- ▶ to cut Scottish corporation tax to attract company HQs not poach more Amazon depots.
- ▶ "... it is critical that we do not allow our needs to be shelved in favour of a south-centric project which will leave the north of these islands cut off from the rest of Europe' (High Speed Rail)

Devolution in England

- ▶ ‘Dog that never barked’
- ▶ Regional Assembly NE-2004 – 78% = No
- ▶ IPPR North event – Prof. John Curtice
- ▶ Failure of supply/demand
- ▶ **Demand:** Population didn't want it (weren't convinced)
- ▶ **Supply:** Whitehall did not want to relinquish power
- ▶ Sub-national governance never resolved under Lab



City Deals

...positive for some

'...government has taken the RDAs away and giving us a more direct relationship with the government ...we are much closer to the people making policy, we have got much better access around, via opportunities like City Deals or Enterprise Zones'.

- Good for Newcastle/Gateshead not so great for Sunderland and Middlesbrough

Bizarre geography – Sunderland & North East (omits Newcastle, Gateshead & whole Tees Valley)



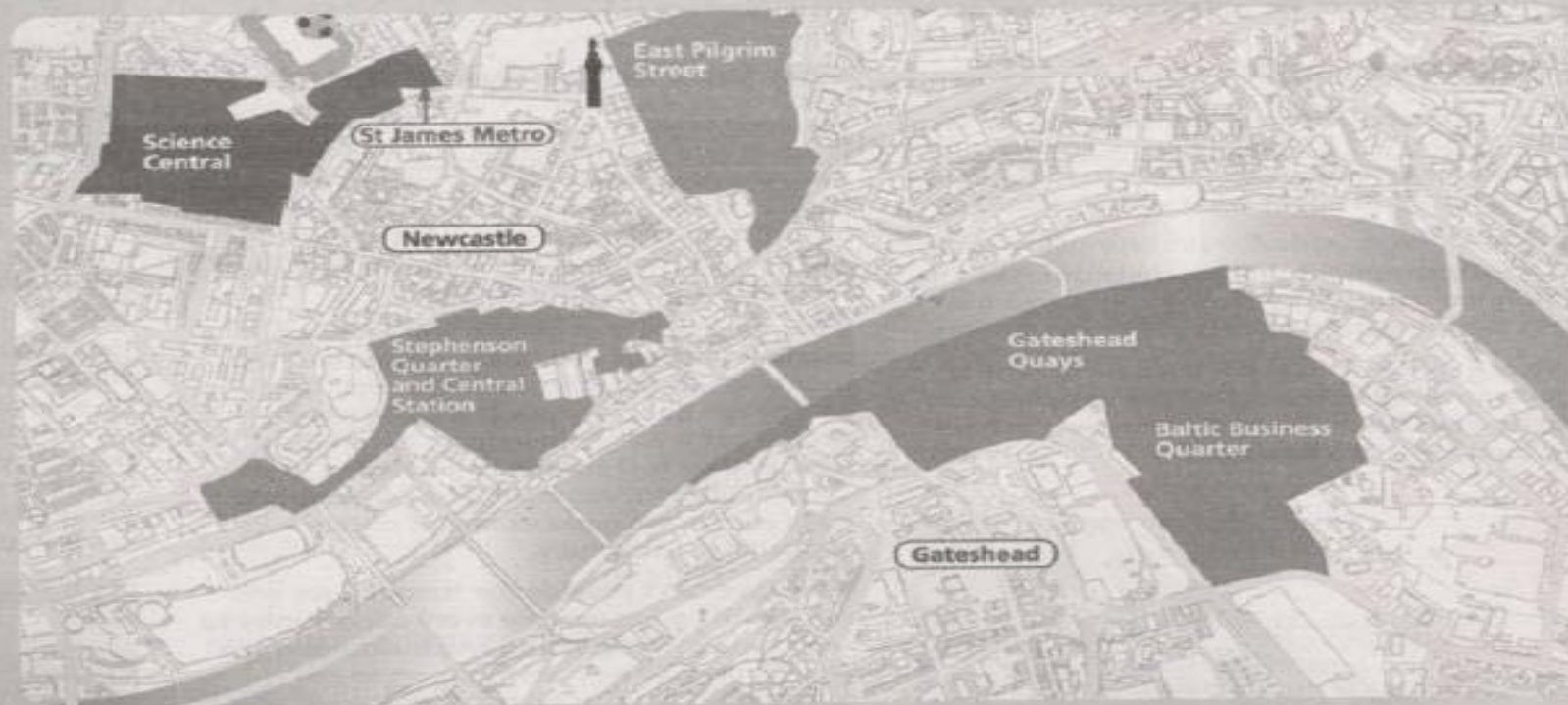
City Deal

The council recently agreed a deal with the government which means we can borrow up to £92 million to develop four key regeneration sites across Newcastle and Gateshead including:

- Science Central (old brewery site at Gallowgate)
- Central Station and Stephenson Quarter (behind the station)
- East Pilgrim Street
- Gateshead Quays and Baltic Business Quarter.

We will be allowed to keep the extra business rates over 25 years, and use it to pay for the development.

Up to 6,000 construction jobs and 1,500 permanent jobs are expected to be created within five years, with 13,000 over 25 years.



Do communities have the capacity and skills?



- ▶ Interviews flagged up concerns – focus on community, **opportunity driven not need driven – will be losers!**

‘Those communities where you have affluent, prosperous and well educated people are ready to take up the challenge. These are the places that don’t need regeneration. The places that need it are the places that don’t have, for a variety of reasons, don’t have the aspirations, abilities, skills – they are the ones that will be left behind’

(Interview with Scottish Practitioner, June 2012)

Exactly the same critique of **Big Society** in England



Conclusion – economy stupid

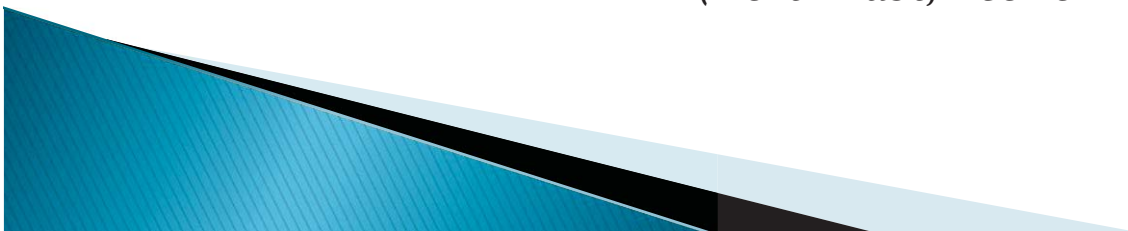
- ▶ Scotland – **tension between social democratic aspirations and neo-liberal realities** (McCarthy, 2010)
- ▶ England – localism (veneer) double edged sword, neo-liberal reality

'Slight irony, on the one hand Scottish government in 2008 saying to local government, right you guys are the local economic development agencies, Scottish Enterprise you will step back from local economic development. ...increase in remit and responsibilities for LAs, to economic development without a commensurate increase in cash to do that.'

(Scottish Regeneration Practitioner, June 2012)

'...sometimes increased autonomy has come with reduced resources, sometimes it has felt like it has come down to us to make decisions where we cut investment rather than where we can make investment'.

(North East, Economic Development Practitioner)



Emerging issues/findings – funding & capacity

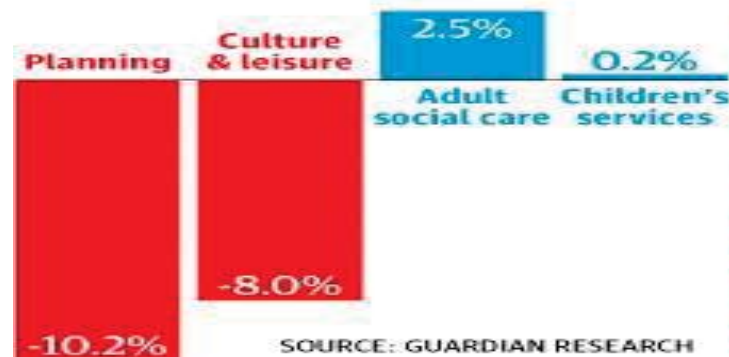
- ▶ ‘It’s the economy stupid’ – accessibility of finance major issue
- ▶ Political ideology – left/right leaning significant **BUT** resources very similar
- ▶ Neo-liberal thinking (back winners) – diminishing emphasis on equity – ‘sink or swim’
- ▶ Scotland may look to have a more ‘holistic’ approach on the surface – but how will it be delivered?
- ▶ Scotland ahead of England in dismantling regional/sub-regional tier or regeneration institutions (Local Enterprise Companies – LECs)
- ▶ Community engagement almost forgotten in England
- ▶ Regeneration long way down list in terms of priorities – compared to other statutory functions for LAs (adult social care, etc)
- ▶ LAs on both sides of border – **struggling with capacity**– staff, skills, expertise and resources to deliver localism agenda



Local authority budget cuts (England)

Department cuts

Overall changes to departments' projected budgets 2012/13 to 2013/14



Adult social care

Cuts to adult social care, projected cuts 2012/13 to 2013/14

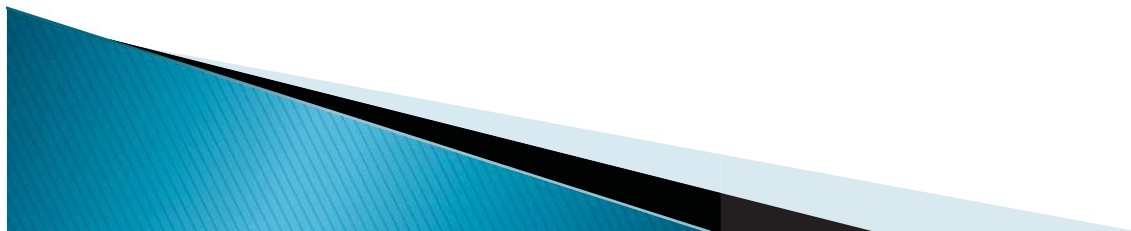


'There is an economic dimension but there is also a political dimension, in that the government has had to prioritise in terms of spending decisions... regeneration expenditure has been less protected than some other forms of expenditure; like the NHS [National Health Service] or adult social care'

(English Regeneration Practitioner)

Themes/Next steps

- ▶ Envious glances both ways – both systems have problems, **not least access to finance**
- ▶ Great hopes for regeneration – Tax Incremental Finance (TIF) problematic, displacement, can you raise revenue to repay loan?
- ▶ England – City Deals – dog's breakfast governance in England – unevenness governance, desirable – creative chaos (Deas, 2012)
- ▶ However, '[in Scotland]...arguably the **dominant interest in stemming decline has led to insufficient attention on growth planning...**'
- ▶ ***There is a naivety about how much can be done through this [localism] which frightens me'*** (North East Regeneration Practitioner, June 2012)



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Thank you for listening...

Any comments or questions?

For further details about our research, please contact:

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